Hold-up! New study shows how to avoid it

Chains hype produce to sell super harvest

Chain Store Age Supermarkets

THE NEWSMAGAZINE FOR CORPORATE CHAINS, CO-OPS & VOLUNTARIES

March 1980

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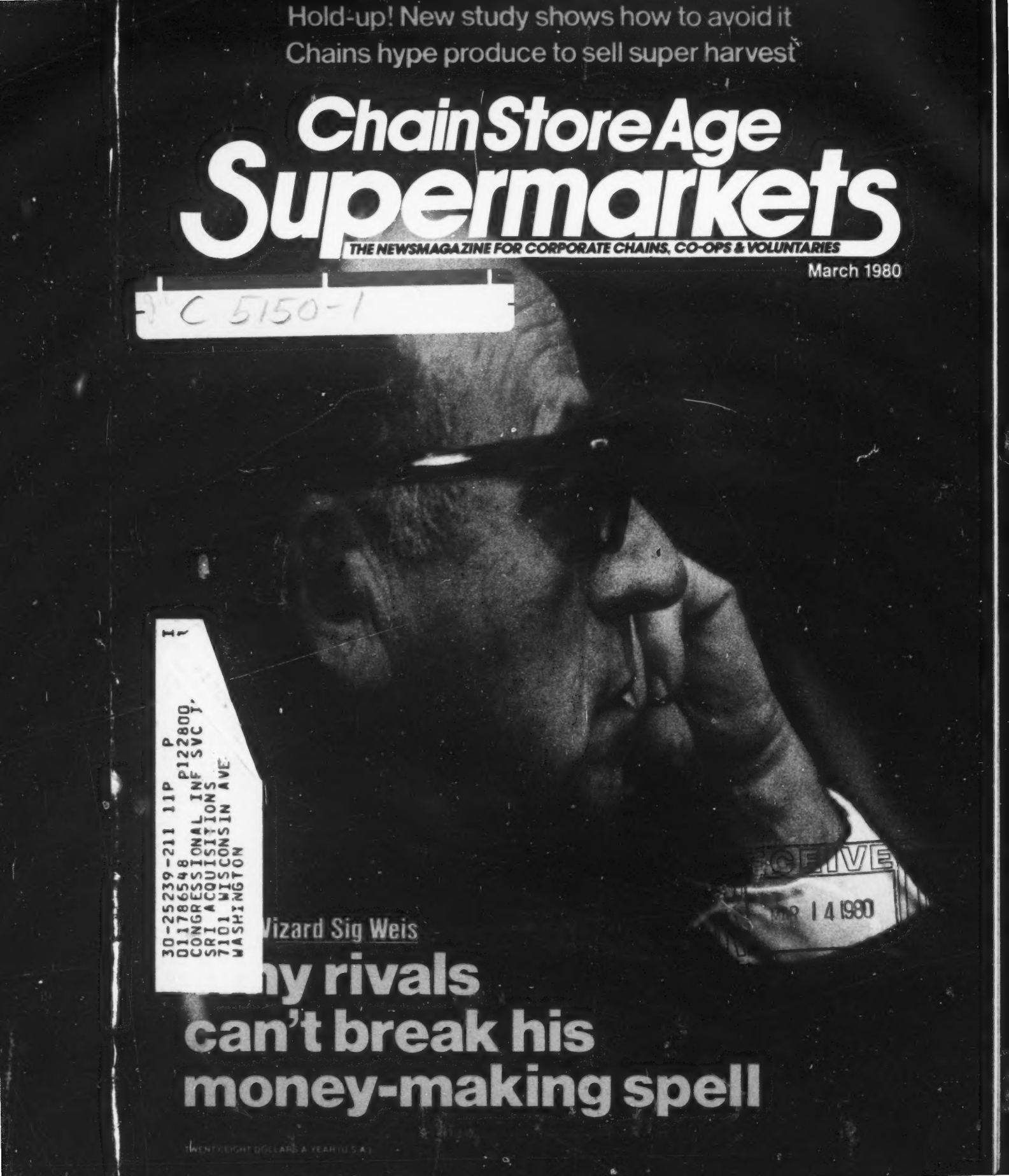

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Chain Store Age
Supermarkets

46 1980 Produce Manual

The produce department is fast becoming the main cog in the supermarket wheel, with its profitability and consumer push to nutrition and fresh. *CSA* examines the latest in merchandising, labeling and commodities outlook.

Industry News

21 **Weis Markets:** top-notch management works its wizardry in Pennsylvania.

26 **Crimestoppers:** how to deter store holdups.

28 **Safeway:** campaigning to regain Denver.

33 **Sunbelt:** chains plan new expansion in country's hottest growth spot.

40 **Jewel T:** pickets mar stores' California debut.

42 **Meat industry:** facing Federal probes.

71 **Bakery update:** the latest in bakeshop management techniques and styles.

Merchandising News

79 **GM/H&BA Extra:** what—and who—is news in nonfoods.

85 **Photo/film:** prices soar as silver skyrockets.

92 **The Levis Report:** GM prospers despite economic slowdown.

Departments

5 **On the Line**
5 **Express Checkout**
18b **On Promotion**
89 **Merchandising**
94 **New Products**
107 **Capital Report**
108 **Tracking the Leading Edge**
110 **Financial News**

page 46

page 21

page 71

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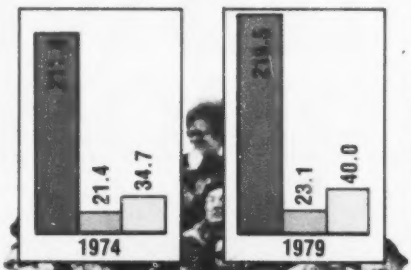
Chains plan new expansion in the Sunbelt

Lower construction and fuel costs, combined with high population growth, stimulate warm-weather area

☐ Unlike the Israelites who wandered 40 years in the desert, supermarket operators know the exact location of their "promised land." It's the American Sunbelt, the booming region that lies south of the Mason-Dixon line extended west to the Pacific Ocean.

While Northeast and Midwest retailers slug it out for market share in slow- and no-growth cities like New York, Philadelphia, Chicago and Detroit, Sunbelt chains luxuriate in a climate extremely favorable for expansion. Apart from a few exceptions like Pathmark, companies trading predominantly in the Sunbelt wrote most of the industry's success stories during the 1970's. The rise of Kroger and Safeway can be attributed, at least in part, to the strong commitment both made to developing warm-weather markets. Conversely, some of the troubles that beset chains like A&P and Food Fair resulted from the difficulty they experienced in maintaining growth in the somewhat stagnant Northeast.

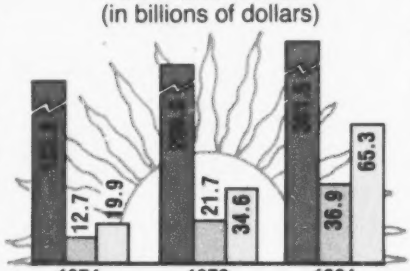
Sunbelt shines in population growth
(in millions)



Several factors contribute to the success of Sunbelt supermarketers. The most important of these is the steady rise in the region's population. Between 1974 and 1979, total United States population increased only 3.6%. By comparison, it swelled 15.3% in the Southeast and nearly 8% in the Southwest over the same period of time. This explosive expansion provides a solid basis for chain growth that is often lacking in other parts of the nation.

"We have seen the Sunbelt states grow more rapidly than other areas of the country," says Vincent P. Barabba, director of the Bureau of the Census. "The fastest-growing states in this area are Nevada, Arizona (up 33% between 1970 and 1978), Florida, New Mexico and Texas." In fact, Barabba predicts that Texas will emerge from the upcoming 1980 census as the third most populous state, displacing Pennsylvania.

Food store sales
(in billions of dollars)



Source: FMI, *CSA* estimates

Overstoring, a chronic problem in the Northeast and Midwest, is not as critical in the Sunbelt. For example, supermarkets in the Southwest generated 70.9% higher sales in 1979 than in 1974—with 19.2% fewer units to divvy up the volume. Performance in the Southeast wasn't quite as spectacular. Still, many non-Sunbelt retailers would drool at the prospect of 10.9% fewer supermarkets sharing 73.9% higher sales.

The result is that the Sunbelt has become *the* place to build new stores. The Food Marketing Institute reports that more than half of all supers constructed in 1978, 52.1%, were located in the Southeast, and 11.8% built in the West.

Lower construction costs in the warm-weather areas are helping to spur this building boom. The typical retailer spends $250,000 less per unit to open a supermarket in the South than he would in the North Central region. Looking at it another way, the same supermarket that costs $24.00 per square foot in the South would be $27.15 per square foot in the North and $36.58 in the Midwest.

The lower cost of energy in the Sunbelt doesn't hurt, either. Not only is the power to run the stores cheaper, but so is gasoline for customers' cars.

Getting into the act. The rest of the country—and the world—have taken full notice of the golden opportunity for growth present in the Sunbelt. Buying an existing operation offers instant entree to the region, and this is the path chosen by several companies. These include:

- **Cavenham.** The British-based owner of Grand Union (a chain already strong in Florida) recently acquired Colonial Stores headquartered in East Point, Ga., and is in the process of making its first foray into Texas through the $27.2-million purchase of J. Weingarten of Houston.
- **Etablissements Delhaize Fréres et Cie la Lion.** Having now assimilated its earlier purchase of Foodtown, Salisbury, N.C., Delhaize has now assumed control of another Sunbelt chain, Alterman Foods, a top competitor in Georgia.
- **Ahold.** Bi-Lo, Mauldin, S.C., acquired by this Dutch company in 1977, is now extending its territory within the Sunbelt by opening two supermarkets in suburban Atlanta.
- **Byerly.** Reaching out from its stronghold in the frozen North, this Edina, Minn., retailer has acquired Heathman Foods, a two-store operation in the Atlanta area. "If the two stores are successful," says Don Byerly, "we would have an interest in gaining additional sites."

Sunbelt forecast: Despite the continuing threat of a recession, many of the regional and national chains active in the Sunbelt plan to keep on expanding during 1980.

Southern California, for example, will see a high level of construction by both Lucky and Ralphs this year. Lucky will open a chainwide

total of 200 units, most of them in California with some slated for Texas. For certain, Lucky will also be adding 911,000 sq. ft. of warehouse space in California, which will undoubtedly pave the way for further expansion over the next few years.

Ralphs will open 16 units, compared to just two in 1979. Some of these stores, which are in the superstore class, will be part of the chain's move into the San Diego market.

Also eying San Diego is Vons, which hopes to pass the current leader in the city, Safeway, in market share during this year. The El Monte, Calif., chain is expected to begin construction of a satellite warehouse to service its stores there within the next 18 months.

The West Coast is the next target for the Jewel T Discount Grocery division of Jewel Cos. A company spokesman declined to comment on the possibility that Jewel will try to invade with supermarkets as well, but the retailer's recent attempt to acquire Pay-Less Drugs indicates that this region figures prominently in corporate plans. (See related stories elsewhere in this issue for details.)

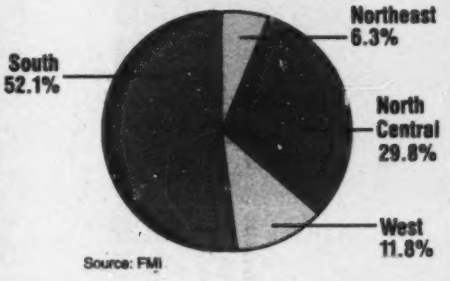
Texas, especially Dallas, Houston and San Antonio, could become a major battleground between entrenched regional chains and powerful national operators.

One of the most active chains in Texas will be Kroger. The Cincinnati giant plans to build four superstores in Dallas, three in San Antonio and 15 in Houston, where it hopes to supplant Weingarten as the market leader.

Houston ranks as one of the true plums within the Sunbelt. The city continues to grow rapidly, and it is about as free from overstoring as any major city in the United States.

Weingarten's plans are unclear and will remain so until the Government rules on Cavenham's takeover move. Observers contend that the one-time runaway sales champ will have to step lively just to stay abreast of competition. The chain is plagued by too many old stores, so extensive remodeling and new construction would appear to be high

South has highest percentage of new stores by region

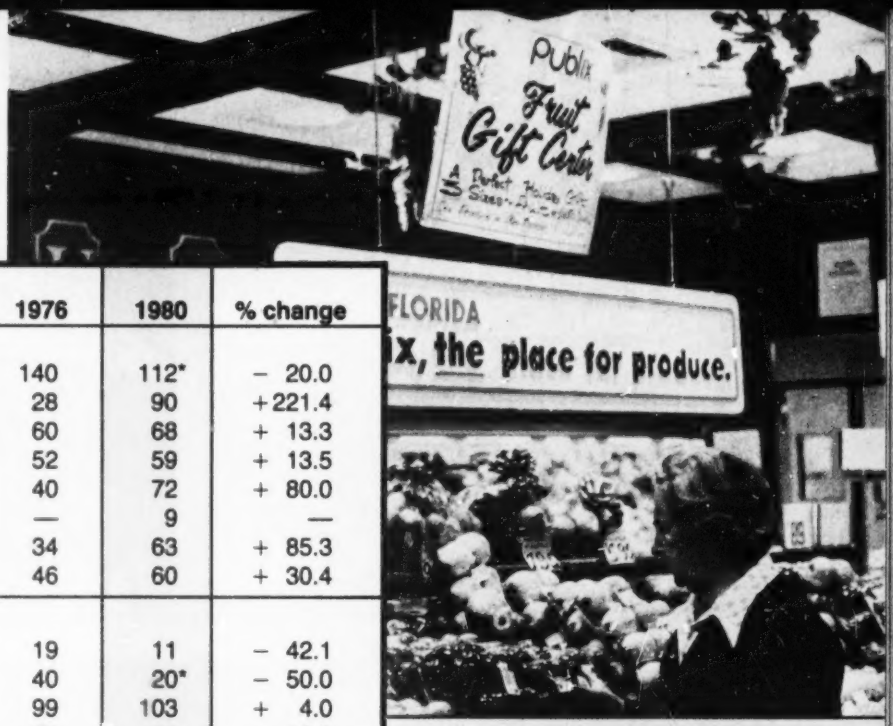


Who's expanding in the Sunbelt?

	Number of stores 1976	1980	% change
Alabama			
Bruno's	54	50	– 7.4
Delchamps	49	50	+ 2.0
Dixieland	42	45	+ 7.1
Winn-Dixie	110*	138	+ 25.5
Arizona			
A. J. Bayless	57	60	+ 5.3
Alpha Beta	10*	26	+160.0
Fry's	24	30	+ 25.0
Lucky	8	10	+ 25.0
Safeway	53	53	—
Smitty's	11	17	+ 54.5
California (southern only)			
Albertsons	39	87	+123.0
Alpha Beta	190*	218	+ 14.7
Boys Markets	37	40	+ 8.1
Fazio	45	0	–100.0
FedMart	31	42	+ 35.5
Hughes	26	35	+ 34.6
Lucky	131	115	– 12.2
Market Basket	67	70	+ 4.5
Ralphs	93	99	+ 6.5
Thriftimart	60	44	– 26.7
Vons	129	162	+ 25.6
Florida			
A&P (1)	56	28	– 50.0
Albertsons (Southco)	7	35	+400.0
Food Fair	175	136	– 10.9
Grand Union	51	63	+ 23.5
Publix	201	234	+ 16.4
Winn-Dixie	202	228	+ 12.9
Georgia			
A&P	20*	34	+ 70.0
Alterman Foods	99	91	– 8.8
Colonial (2)	141*	0	–100.0
Family Center	—	18	—
Grand Union (2)	0	120*	—
Kroger	50*	58	+ 16.0
Piggly Wiggly Southern	56	68	+ 21.4
Winn-Dixie	94*	100	+ 6.4
Louisiana			
A&P (3)	89	87	– 2.2
National	56	58	+ 3.6
Schwegmann	10	10	—
J. Weingarten	15	13	– 13.3

priorities for the prospective new owner.

Meanwhile, Randall's and Gerland's, a pair of tough local chains, are thinking superstore. Each plans

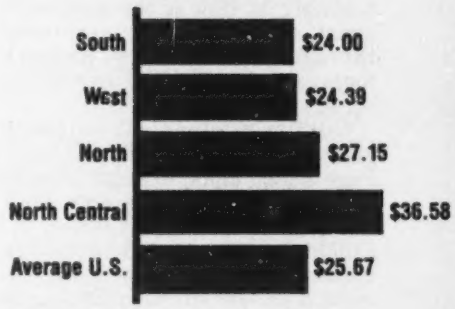


	1976	1980	% change
North Carolina			
A&P	140	112*	− 20.0
Foodtown	28	90	+221.4
Grand Union (2)	60	68	+ 13.3
Harris-Teeter	52	59	+ 13.5
Ingles	40	72	+ 80.0
Kroger	—	9	—
Lowes	34	63	+ 85.3
Winn-Dixie	46	60	+ 30.4
Oklahoma			
Family Markets	19	11	− 42.1
Humpty	40	20*	− 50.0
Safeway	99	103	+ 4.0
Scrivner	71	63	− 16.9
South Carolina			
Bi-Lo	63*	79	+ 25.4
Grand Union (2)	59*	32	− 45.8
Harris-Teeter	9	16	+ 77.8
Kroger	0	6	—
Winn-Dixie	70*	75	+ 7.1
Tennessee			
Giant Food Markets	15	23	+ 53.3
Kroger	50*	54	+ 8.0
Malone & Hyde	37	44	+ 18.9
Red Food	30	34	+ 13.3
White Stores	39	42	+ 7.7
Texas			
Brookshire	50	62	+ 24.0
H E. Butt	136	150	+ 10.3
Cullum	115	120	+ 4.3
Furr's	68	68	—
Gerland's	27	30	+ 11.1
Handy Andy	50	50	—
Kroger	104*	116*	+ 11.5
Lucky	17	23	+ 35.3
Minyard	40	52	+ 30.0
Piggly Wiggly Red River	61	69	+ 13.1
Randall's	7	13	+ 85.7
Safeway	243	298	+ 22.6
Southco/Skaggs (4)	52	60	+ 15.4
J. Weingarten	103	104	+ 1.0
Winn-Dixie	96*	80*	− 16.7

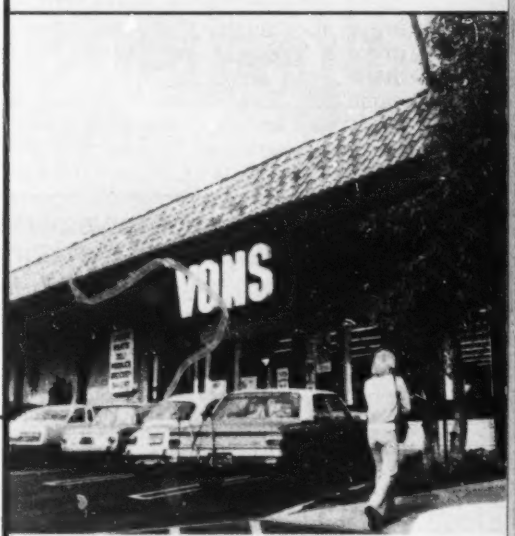
* *CSA* estimate
1. Includes a few units outside Florida.
2. Reflects merger of Grand Union and Colonial Stores.
3. Incomes some Alabama, Mississippi and Florida units.
4. Total is for all units operated by Skaggs and Albertson's Southco division before and after dissolving their joint venture.

Source: *CSA* Research

Lower construction costs buoy Sunbelt growth
(per square foot)



Source: FMI



Florida's Publix (top) is expected to continue expansion; California's Vons is eying San Diego market.

to open a unit of more than 40,000 sq. ft. sometime this year.

Large stores are also the order of the day in Dallas. Minyard will go the superstore route with several new units, a big change for a chain that previously built units in the 25,000-sq.-ft. range. Less surprisingly, in view of the company's great success with superstores throughout the country, Kroger's four new units will all be over 30,000 sq. ft.

Cullum Companies, enjoying great success with its Tom Thumb-Page combo units, expects to build two more in Dallas this year. Both will be approximately 43,000 sq. ft. Cullum has also moved to solidify its image in Texas by bringing the eight Rylander stores in the Austin area under the Tom Thumb banner. "With our combination stores coming on stream later this year," says division manager Joe Cutrer, "it made good sense to change our name now. Tom Thumb-Page is already well known in this area, and we would have had to establish a new identity as Rylander-Page, which we didn't want to do."

Hughes, Ralphs are solid in southern California; expansion-minded G.U. sees bright future in Sunbelt.

Winn-Dixie, a factor in Texas since its purchase of Kimbell, will try to expand into the Dallas market this year from a solid base in adjacent Fort Worth. Six units are scheduled to open in Big D in 1980.

Elsewhere in the Sunbelt, Grand Union and Publix figure to be among the most visible operations in Florida. Grand Union will build a 52,000-sq.-ft. superstore in Miami with an in-store restaurant and is also likely to attempt to strengthen its north Florida position. Plans at Publix are still under wraps, but there's no reason to believe the company will slacken its expansion pace of the last few years.

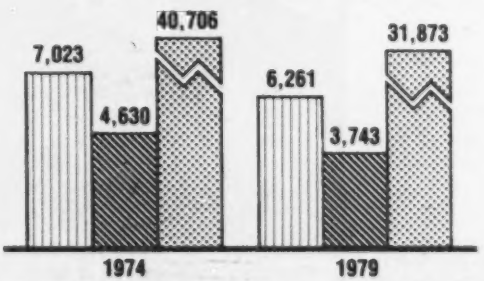
Trouble ahead? Right now, everything looks rosy, but that could change over the next 12 to 18 months. Los Angeles, Phoenix and Atlanta could all become price war battlegrounds if the recession hits harder than expected.

Southern California, calm in the wake of Fazio's withdrawal, looks especially vulnerable. The always intense struggle for market share could erupt into widespread price-cutting at any time.

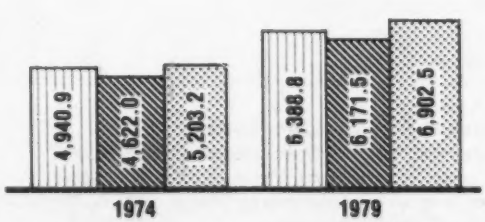
Overall, however, the outlook for supermarketing in the Sunbelt looks very good for 1980 and several years beyond. Unless area growth slows—or the chains overexpand and inundate the region with too many supermarkets—the Sunbelt should continue to be the focus of expansion in the food retailing business. □

—Arnie Katz

Number of supermarkets: adjusting to overstoring



Southwest leads in population growth per store



Source: FMI

Produce '80: Fresh

Consumers have gone from choosy to choosier, transportation costs increase daily, prices fluctuate wildly and supply has gone from famine to feast. The result is that marketing and merchandising plans are changed more often than the bedsheets at a Holiday Inn. Yet things are normal in the produce department this year.

"We're not supposed to be going into the last week of January without cold weather," muses Publix' produce director Ken Kimball, from sunny Miami. "We're just going to have to move as much product as we can."

Moving product will be the central problem faced by produce merchandisers. Supplies of fruits and vegetables this year range from adequate to extraordinary, and wholesale prices have tumbled. Any sales gains will have to be in tonnage.

Last year the produce department contributed 7.1% to supermarket sales and 21.5% of the gross profit, according to the Food Marketing Institute, upholding its position as a bottom-line leader.

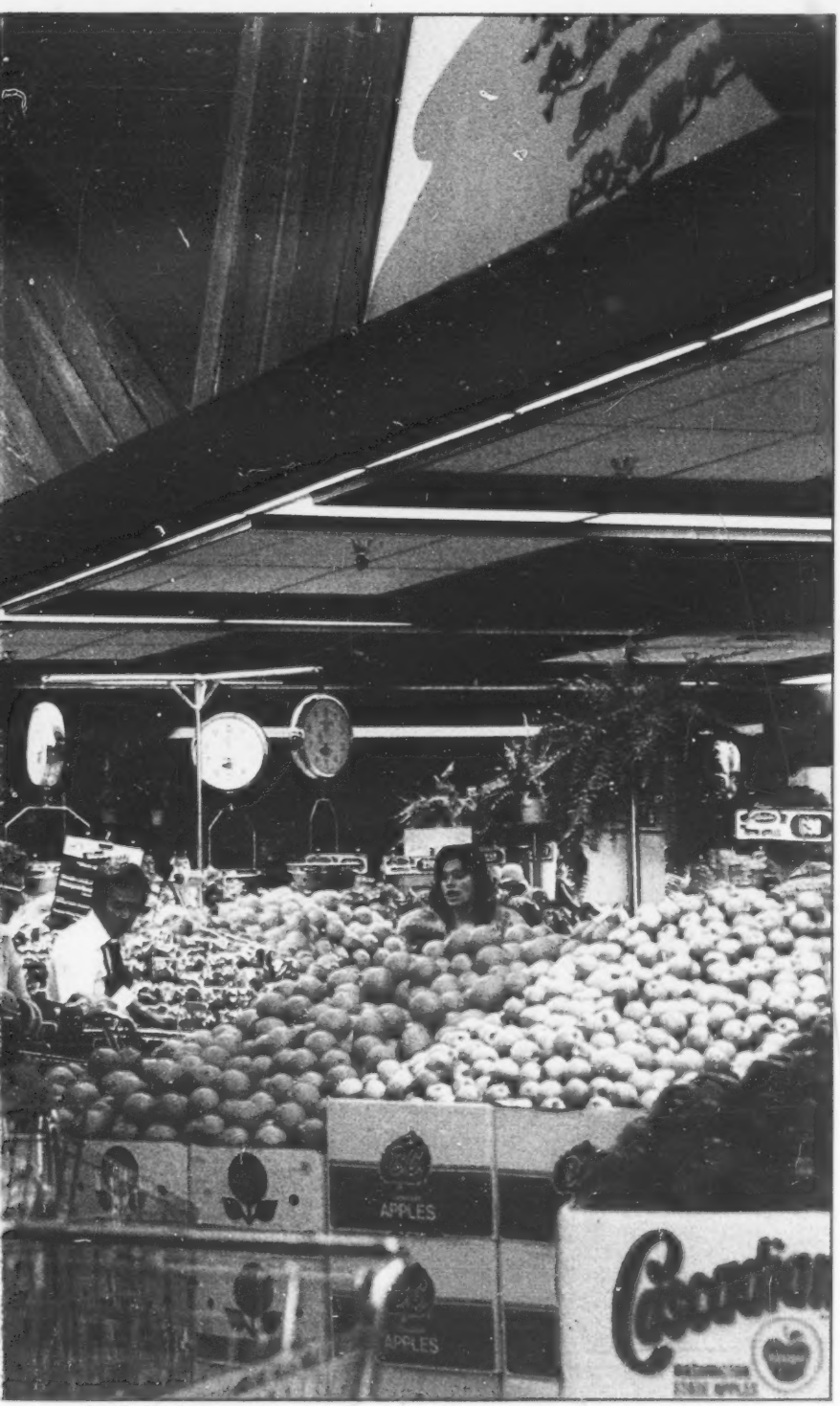
Fortunately, the public is in a produce-buying mood. "Consumers are getting more and more oriented to fresh," says Dave Diver, produce merchandiser for Hannaford Bros., Portland, Maine. "The more concern about inflation, the more consumer desire to get good product. Day to day, fresh produce is always meeting those concerns, because there is always something that represents a value."

Enhancing the shift toward fresh is the snowballing interest in nutrition and "natural" foods, a trend some supers are actively promoting. Proposed nutritional labeling for fresh produce may boost that image, if the F.D.A. and the industry can agree on the specifics, as they have for potatoes.

Spaced out: To meet these increasing economic and consumer demands, the emphasis on the retail level is to larger, self-contained

Average department in supers built in '78 increased 34% over '77, with growing trend to "boutique" look.

moves up front



Bulk displays, wider varieties, are at forefront of expanding sections.

No matter how you look at it, the citrus crop is bountiful.

departments backed by more active promotion.

"Produce is getting more important space, both from a physical and marketing standpoint," reports Diver. "It makes a significant impact on the customer." Hannaford tries to "surround the customer in produce," using a semicircular alcove with wide tables where the department is in the rear of the store, and using the entire corner, boutique-style, in the more desirable front position.

"We try to give produce first position wherever possible," says Gary Nelson of Nash-Finch, Minneapolis. In a 30,000-sq.-ft. store, Nash-Finch will use about 70 linear feet of refrigerated case, a 16-ft. dry produce case and four 8x4 feature tables.

Nationwide, FMI reports that produce departments in new supers grew 34% between 1977 and 1978, to an average of about 118 linear feet per store.

All that space has given impetus to expanding individual varieties of produce and the overall mix. The clear winner here has been specialty or exotic produce, which continues to gain momentum and space.

In Minnesota and North Dakota, where exotics used to be as out of place as suntan oil, Nelson reports he has "added drastically" to the specialty department and now has 40 selections.

"The exotic is becoming less exotic," says Diver of Hannaford. "Four years ago Granny Smith apples were considered exotic. No more. Now Chinese cookery, tropical fruits such as papayas, kiwi and mangoes are a big area."

Education of both the retailer and the consumer has been a big factor in the growth of exotic. Nash-Finch and Schnucks Markets, Bridgeton, Mo., both say recipe and information programs have increased sales of exotics.

Stop & Shop, Boston, found that exotics got a great boost from a sampler display at a popular city food festival. "It was enormously successful," reports spokeswoman Ellen Dubin. "Having the opportunity to sample had a direct impact on purchasing."

Promotion always has a big impact on purchasing, whether for ginger root or just plain grapes. And demand for ad space this year will be more crucial than ever. Indeed, it appears the produce department is starting to find its way from the lower left corner to the top half of the ad page.

"When supply is bigger than demand," says Publix's Kimball, "it's our job to move as much of that surplus as we can, and one of the best ways is by advertising."

Normally, the Florida chain features four or five produce items in its weekly ads. Recently, the chain has pushed a dozen items and used a full-page promotion to move plentiful Florida citrus.

Nutrition is becoming an increasingly popular tie-in with print promotions. Although specific claims about nutritional content cannot be made right now, Jewel Cos. gives each promotion a tag line above or below the price. In addition to telling its customers it has Hawaiian papaya at 69¢ a pound, Jewel adds, "You get generous amounts of vitamins A and C in papaya."

Stop & Shop has one of the most advanced nutrition education programs in the business, and produce, one of the "four basic food groups," is a key item.

"Produce is one of the few areas where you are home free with nutritional information," says spokeswoman Dubin. "Produce and nutrition marketing are a natural marriage."

The company developed a produce-buying guide for consumers

Bountiful crops wreak havoc on some markets: "If the weather stays mild this could go on through the summer"

Movement to fresh has raised outlook for production and sales

1979 Vegetable Performance in the Produce Department

Vegetable	Gross profit	% of produce sales	Turns per week per store
Artichokes	31.1	0.5	2.6
Asparagus	29.6	0.4	2.4
Beets (bunch)	33.9	0.2	1.5
Broccoli	42.1	0.6	4.6
Brussels spouts	37.9	0.4	1.6
Cabbage	46.7	1.5	11.0
Carrots	44.1	2.5	12.3
Cauliflower	36.7	0.6	2.8
Celeriac root	35.6	0.1	0.2
Celery	43.2	1.8	9.9
Chili peppers	36.8	0.2	0.9
Collards	40.2	0.2	0.9
Cucumbers	40.6	1.4	5.4
Dry garlic	43.1	0.2	0.9
Dry onions	49.9	2.6	12.5
Eggplant	43.2	0.5	1.9
Endive	38.7	0.2	0.9
Escarole	33.2	0.3	0.8
Ginger root	31.8	0.2	0.5
Green beans	35.1	0.7	3.3
Green onions	45.2	0.7	5.3
Green peas	33.5	0.4	0.9
Green peppers	40.5	1.5	6.8
Horseradish	33.1	0.1	0.4
Leeks	37.6	0.2	0.7
Lettuce	40.0	8.0	53.0
Lima beans	30.4	0.3	1.4
Mushrooms	32.5	1.3	6.1
Orientals	30.3	1.0	0.9
Okra	35.0	0.1	1.4
Parsley	29.0	0.2	1.1
Parsnips	38.4	0.2	1.1
Potatoes (loose)	41.1	2.1	16.7
Potatoes (bag)	35.4	8.2	75.5
Pumpkins	34.0	0.1	0.8
Radishes	41.7	0.4	4.3
Spinach	36.0	0.7	3.9
Squash	42.2	0.9	4.5
Sweet corn	37.8	1.7	4.9
Sweet potatoes	36.5	0.8	3.0
Tomatoes (loose)	44.0	4.6	20.3
Tomatoes (bag)	30.8	2.6	17.0
Turnip greens	35.1	0.1	1.4
Turnips	40.2	0.2	1.5
Watercress	33.4	0.1	0.5
All nuts	36.0	1.0	2.0
All others	40.0	1.0	1.0

Turns for seasonal merchandise computed on in-season base. Total sales contribution does not equal 100% because of accounting differences within sample group. Floral not included in summary.

Source: CSA Research

that gives not only nutritional information but data on preparation and storage. Company officials say the campaign has worked well in making the public aware of the benefits of fresh.

The company has also taken some concrete steps to execute the sales end of the program. "We've gone bulk in areas we had not been bulk before, and we've expanded in variety and depth of selection. At one point we had seven varieties of grapes on sale, and it was dynamite," says Dubin.

The increase in depth meant adding more space to produce and a new signing campaign under the logo "Green Scene." "Produce" and "Fruits and Vegetables"-type signing are, in fact, fast giving way to more upbeat marketing-oriented signing such as "The Farm" (A&P), "The Kroger Garden" (Kroger) and "Farm Fresh Stand" (Jewel Cos.).

The reason is simple. Neglected for years, the produce department continued to pay back a high return on a small investment. Now that the investment is increasing, the prospects are even brighter. □

—Bill Saporito

1979 Fresh Fruit Performance in the Produce Department

Fresh Fruit	Gross profit	% of produce sales	Turns per week per store
Apples	41.2	6.6	38.1
Apricots	38.2	0.4	3.6
Avocados	42.4	1.3	3.7
Bananas	30.4	9.6	50.0
Blueberries	34.6	0.4	5.7
Cantaloupe	42.2	1.4	6.9
Casaba	35.0	0.1	1.0
Coconuts	49.2	0.2	1.4
Cranberries	31.4	0.5	2.3
Dates	34.3	0.2	1.4
Dried fruits	38.1	0.5	2.0
Grapefruit	36.0	3.2	4.2
Grapes	40.7	2.5	7.0
Guavas	32.5	0.2	0.8
Honeydew	40.4	1.3	3.6
Lemons	45.0	0.7	3.0
Limes	47.2	0.3	1.3
Mangoes	33.6	0.3	1.1
Nectarines	39.9	1.0	2.7
Oranges	37.2	4.7	27.3
Papayas	28.8	0.3	1.5
Peaches	41.4	1.9	4.8
Pears	40.3	1.2	3.0
Persian melon	31.3	0.2	0.8
Persimmons	30.0	0.1	1.2
Pineapple	44.1	0.5	2.7
Plums	42.4	0.5	3.6
Pomegranates	39.3	0.1	0.9
Prunes	42.1	0.3	2.2
Raspberries	36.0	0.2	1.5
Strawberries	27.2	2.7	14.5
Sweet cherries	33.8	1.4	3.0
Tangerines	36.4	1.2	3.2
Watermelon	34.2	1.5	5.5

Distance from source of supply will influence gross profit by a factor of + −5. Other figures are constant.

Source: CSA Research

Record apple crop spurs 7% increase in noncitrus supplies, but prices will probably remain high

Supply outstrips demand

□ It snowed last year in Miami, remember? Florida growers do; so do growers in California, where nasty weather made a shambles of the lettuce and citrus crops.

One year later, the Floridians are complaining that it's too hot—the crops are maturing too fast—and the California boys are up to their navels in oranges and greens.

This combination of good weather, higher yields and increased acreage has caused commodity prices to take a dive that might not flatten out until the fall, according to Government, grower and retail sources.

Vegetables: Production of fresh market vegetables and melons increased 2% in 1979 due to higher yields, according to the U.S. Department of Agriculture. But area planted for winter crops has increased 10%, U.S.D.A. says, with increased production expected at 7%.

"I just returned from the Imperial Valley [California], and growers are sitting on some lettuce and broccoli because of the prices," says Jules Powell, a vegetable specialist with the U.S. Department of Agriculture. "I think there will be abundant supplies of all fresh vegetables."

The situation in Florida is similar. "We are having our best growing season in four years," says Dr. James Montelaro of the University of Florida's vegetable crops department. "We've shipped record amounts of tomatoes, and there's a good supply of sweet corn, peppers, eggplants, green beans, celery and lettuce."

Naturally, the rider attached to all forecasts is "provided we don't have a disaster," such as January 1979 when the big freeze struck.

Transportation costs are almost as unpredictable.

Part of the oversupply situation stems from changes in crop planting. Florida increased its winter tomato acreage 21% this season, and most of the new acreage has shown increased yields and better quality. The same is true with the Mexican crop. In fact, the supply is

Chain Financial Scoreboard

Operation	Period	Date	Sales	% Inc./ Dec.	Net Income	% Inc./ Dec.	Net-to-sales ratio
Foodarama	1 year	11/3	$ 413,016,000	+ 9.8	$ 780,000	−64	0.002
Grand Union	40 weeks	1/5	2,389,247,000	+38.0	23,595,000	+50	0.01
Thriftimart	40 weeks	12/31	322,655,000	+14.8	4,470,000	+71	0.018

Source: *Chain Store Age*

Supermarkets gain most profit ground

Based on the results for the most recent four quarters, supermarkets and convenience food stores are capturing a larger share of consumers' disposable income than other mass retailers.

In terms of sales gains, 49 supermarket chains collectively boosted volume 14.9% last year. Fisher Foods, with a 38.6% increase, and Albertsons, with a 30.1% increase, led the pack. In total 26 of the 49 reporting chains scored sales gains ahead of the food industry average of 14.9%.

Net earnings rose 32.2%, slightly ahead of the 30.7% net increase logged by the same chains a year earlier. The 49 supermarkets chains' bottom line brightened to a 1.2% share of sales vs. the 1.1% share shown in company annual reports for the prior 12-month fiscal period.

The seven reporting convenience store chains, listed in Management Horizon's retail performance update, posted a 21.5% sales gain. Profits increased 31.3% and bottom line earnings netted out a 1.9% of sales.

On a comparative note, restaurant/fast-food chains (42 companies) showed a definite downswing. Sales gains, profit gains and net earnings as a percentage of sales dropped.

Management Horizons' officials, in interpreting the results, point to the broadscale cutback in consumer spending for seasonal merchandise affecting the general merchandise chains and a sharp reduction in the number of trips to eat out brought on by the rising cost of gasoline and beef prices affecting the restaurant/fast-food sector.

Supers vs. the rest
(Results for last 4 quarters by per cent)

	Sales gain (%)	Net earnings gain (%)	Net earnings as % of sales
Supermarkets	14.9	32.2	1.2
Convenience food stores	21.5	31.3	1.9
Discount stores	14.2	12.4	1.9
Variety stores	12.2	22.5	2.6
Drug stores	12.1	20.5	2.2
Rest./fast foods	15.6	13.6	3.5
All retailers	14.0	18.8	2.7

Source: Management Horizons

Grand Union net seesaws

Net income for the Grand Union Co., a unit of Cavenham Ltd., fell 21% for the 12 weeks ending Jan. 5, 1980, compared to the third quarter ending Jan. 6, 1979.

Chairman and ceo James Wood said the lower net, which included the Christmas holiday period, resulted primarily from the elimination of earnings from the Grand Way general merchandise store division, which the company closed in July 1979.

However, net income for the 40-week period ending Jan. 5, 1980, increased almost 50% to $23,595,000 on a sales increase of 38%. The higher results represent the combined earnings of Grand Union and Colonial Stores, acquired by the company in the fall of 1978.

Sales for the third quarter increased 6% over a year earlier to $747,842,000. Sales for the nine-month period ending Jan. 5, 1980 were $2,389,247,000.

Foodarama earnings plunge in fourth quarter

Foodarama Supermarkets Inc. reports its net income for the year ending Nov. 3, 1979 plunged 64% to $780,000

The decline in earnings are attributed to the impact of double couponing, costs of opening new supers and closing one and a write-off of a bad debt.

Foodarama also reports a net loss for the fourth quarter ending Nov. 3, 1979 of $106,000, compared to a profit of $889,000 a year earlier. The company predicted the loss in early December when its board voted to omit quarterly dividend payments.

Remodeling program boosts Thriftimart sales

Thriftimart Inc. of Los Angeles reports record sales and earnings through 40 weeks ending Dec. 31, 1978. The company says its net income of $5.9 million ($6.66), a 71% increase, was the result of favorable consumer reaction to its remodeling program.

Sales for the current quarter and 40 weeks to date were $130.7 million and $322.6 million, respectively, an increase of 14.1% and 14.8% over the prior year.

Thriftimart says it spent $4.7 million on capital expenditures this year compared to $4 million last year, and opened two new Cash and Carrys.